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SIPDIS

DEPARTMENT FOR EUR/SCE (BALIAN) AND EEB/ESC/TFS (COULTER)

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TAGS: [ENRG](#) [EPET](#) [ETTC](#) [IR](#) [PREL](#) [HR](#)
SUBJECT: IRAN SANCTIONS ACT: INA CEO COMMENTS ON
INVESTMENT IN IRAN

REF: ZAGREB 466

¶1. Following up his meeting with Croatian Foreign Minister Jandrokovic (reftel), Ambassador spoke with INA CEO Dragicevic on June 24 regarding INA's activities in Iran. Citing a June 23 Xinhua wire service report of the announcement of INA exploration in Iran, the Ambassador stressed that while INA might consider itself to be a small player, the Iranians would seek to exploit the agreement with INA to show their public and the international community that UN sanctions were not stopping companies from doing business in Iran. The Ambassador urged that INA reconsider its exploration agreement.

¶2. Dragicevic responded by recounting his conversations with previous U.S. Ambassadors about doing business in other sensitive countries. INA was aware of Washington's interest and was careful to comply fully with UN sanctions and U.S. legislation, even when this had cost INA business. He noted in particular the example of Libya, where he claimed INA's opportunities were eventually taken by American companies. The planned INA activities in Iran, he maintained, were consistent with both UN and U.S. measures.

¶3. Dragicevic noted that despite exaggerated Iranian press statements, INA initially would have only a very limited presence in Iran -- two to three technical people and an assistant. It would be at least two to three years before seismic work could be completed and any decision made about development. Dragicevic expressed the hope that in this period progress could be made between the international community and Iran on its nuclear program.

¶4. Comment. Even if INA is unlikely to cancel its agreement with Iran, both the company and the Croatian Government are aware that their relations with Iran are attracting attention in Washington. We would hope that this would make them more cautious about future involvement with Iran.

Bradtke